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## RETROSPECTIVE PREMIUM ENDORSEMENT — THREE YEAR — PLAN D

It is agreed that this endorsement applies to the policies designated in Table I below and renewals thereof affording insurance with respect to the three year period commencing with the effective date of this policy, subject to the following provisions:

1. **FINAL PREMIUM.** The final premium for such policies is the sum of:
  - (a) the premium for the insurance not subject to Plan D, as specified in Table I, computed in accordance with the provisions of such policies, other than this endorsement, and
  - (b) the premium for the insurance subject to Plan D, as specified in Table I, hereinafter referred to as the retrospective premium.
2. **RETROSPECTIVE PREMIUM.** The retrospective premium for all policies as specified in Table I, Item 1 combined shall be the sum of:
  - (a) the basic premiums for each state,
  - (b) the excess loss premiums for each state, and
  - (c) the converted losses for each state,
 each multiplied by the applicable state tax multiplier. The retrospective development premium is then added to the resulting product for each state. The retrospective premium shall be subject to the minimum retrospective premium and to the maximum retrospective premium.
3. **DEFINITION OF TERMS USED IN THE COMPUTATION OF THE RETROSPECTIVE PREMIUM.**
  - (a) "Standard premium" means the premium for the insurance subject to Plan D computed in accordance with the provisions of the policies, other than this endorsement and exclusive of the application of any premium discount endorsement.
  - (b) "Basic premiums" means the amounts obtained by applying to each portion of the standard premium the basic premium percentage stated in Table II as applicable thereto.
  - (c) "Excess loss premiums" means the sum of:
    - (1) the amounts obtained by applying to that portion of the standard premium under workmen's compensation and employers' liability policies for each state for which a factor is entered in the Excess Loss Premium Factors (Workmen's Compensation) column of Table I, the applicable factor times the applicable loss conversion factor,
    - (2) the amounts obtained by applying to that portion of the standard premium for automobile physical damage insurance, the factor stated in the Excess Loss Premium Factors (Physical Damage) column of Table I, times the applicable loss conversion factor, and
    - (3) the amounts obtained by applying to that portion of the standard premium for insurance stated in Table I as subject to a combination loss limitation, the factor stated in the Excess Loss Premium Factors (Combination) column in Table I times the applicable loss conversion factor.
  - (d) "Incurred losses" means the sum of:
    - (1) all losses, including medical, actually paid,
    - (2) reserves for unpaid losses as estimated by the company,
    - (3) premiums on bonds paid for by the company in accordance with the provisions of the policies,
    - (4) interest accruing after entry of a judgment against the insured,
    - (5) allocated loss adjustment expenses, and
    - (6) expenses incurred in seeking recovery against a third party under the insurance subject to Plan D, provided:
      - (i) as respects the insurance afforded under any workmen's compensation and employers' liability policy:
        - (a) item (3) above shall not apply,
        - (b) item (5) above shall apply as respects employers' liability coverage only,
        - (c) item (6) above shall apply only if recovery is obtained against the third party, and
      - (ii) items (3), (4), and (5) above shall not apply as respects automobile physical damage insurance.
  - (e) "Compensation loss limitation," if stated in Table I, means the limit of incurred losses to be included in computing the retrospective premium under the workmen's compensation and employers' liability policies designated in Table I as subject to Plan D, applicable to any state for which a factor is shown in the Excess Loss Premium Factors (Workmen's Compensation) column of Table I, arising out of bodily injury by accident or disease, including death at any time resulting therefrom, sustained by one or more employees in a single accident. For the purpose of this definition, incurred losses arising out of bodily injury by disease, including death at any time resulting therefrom, sustained by any one employee shall be deemed to arise out of a single accident.
 

If, during the policy period,

    - (i) the insured engages in operations in any state for which this policy affords insurance but for which no factor is shown in the Excess Loss Premium Factors (Workmen's Compensation) column of Table I, and
    - (ii) on the date this endorsement becomes applicable with respect to any such additional state, there is a loss limitation with respect to all states specifically insured under the policy and subject to Plan D, and
    - (iii) the insured is eligible to elect such loss limitation in such additional state,
 such loss limitation shall also apply to incurred losses pertaining to such additional state. The excess loss premium factor applicable to such additional state, determined in accordance with the manuals in use by the company, shall be deemed to be entered in Table I.
  - (f) "Automobile physical damage loss limitation", if stated in Table I, means the limit of incurred losses to be included in computing the retrospective premium for the automobile physical damage insurance afforded under any policy designated in Table I as subject to Plan D, arising out of any one occurrence.
  - (g) "Combination loss limitation", if stated in Table I, means the overall limit of incurred losses, arising out of one accident or occurrence, to be included in computing the retrospective premium for the combination of insurance designated in the Combination Loss Limitation paragraph in Table I and afforded under any policy designated in Table I as subject to Plan D.
  - (h) "Loss conversion factor" means the factor designated in Table I.
  - (i) "Converted losses" means the incurred losses multiplied by the applicable loss conversion factor.
  - (j) "State tax multiplier" means the applicable factor stated in the State Tax Multiplier Table in Table I.
  - (k) "Retrospective Development Premium". The retrospective development premium for each state is the amount obtained by multiplying the state standard premium by the product of (i) the state retrospective development factor times (ii) the loss conversion factor times (iii) the state tax multiplier.
  - (l) "State Retrospective Development Factors". The state retrospective development factors are the applicable factors stated in the retrospective development factors column of the Table of States.
  - (m) "Minimum retrospective premium" is the amount obtained by the application of the minimum premium percentage stated in Table II to the standard premium.
  - (n) "Maximum retrospective premium" is the amount obtained by the application of the maximum premium percentage stated in Table II to the standard premium.

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# RETROSPECTIVE PREMIUM ENDORSEMENT — THREE YEAR — PLAN D (Continued)

## 4. PAYMENTS AND COMPUTATIONS OF PREMIUM FOR INSURANCE SUBJECT TO PLAN D.

(a) **Standard Premium.** The named insured shall pay the standard premium to the company in accordance with the provisions of the policies, other than this endorsement, specifying the manner of premium payment.

(b) **Retrospective Premium.** A computation of the retrospective premium applicable to the first annual period, based upon the standard premium and incurred losses for such period, such losses to be valued as of a date six months after the expiration of such period, shall be made by the company as soon as practicable after such valuation date.

A computation of the retrospective premium, applicable to the first two annual periods, based upon the standard premium and incurred losses for such periods, such losses to be valued as of a date six months after the expiration of the second annual period, shall be made by the company as soon as practicable after such valuation date.

A computation of the retrospective premium, based upon the standard premium and incurred losses for the three year period, such losses to be valued as of a date six months after the expiration of such period, shall be made by the company as soon as practicable after such valuation date.

Such computation of the retrospective premium for the three year period shall be final if (1) all claims have been closed or it is apparent that the retrospective premium will exceed the maximum retrospective premium, and (2) within ninety days from approval of such computation by the organization having jurisdiction, the company, with the agreement of the named insured, requests of such organization that the computation be final.

If such computation is not final, a further computation of the retrospective premium, based upon incurred losses valued as of a date eighteen months after termination of the policies, shall be made by the company as soon as practicable after such valuation date. Such further computation shall be final unless, within ninety days from approval of such computation by the organization having jurisdiction the company requests of such organization or the insured requests of the company that a further computation be authorized. Any subsequent computations, to be made only at intervals of twelve months, shall each be subject to a similar procedure.

If the named insured disposes of his entire interest in the operations covered by the policies, or makes an assignment for the benefit of creditors, or is in a legal proceeding reorganized or declared bankrupt or insolvent, and if the retrospective premium as of the date of such change of status is greater than the standard premium for insurance to such date, the company may compute the retrospective premium as of such date, as soon as practicable thereafter.

After each computation, if the premium thus computed exceeds the premium paid for insurance subject to Plan D, the named insured shall pay the difference to the company; if less, the company shall return the difference to the named insured.

## 5. CANCELTION OR NON-RENEWAL OF POLICY

The cancelation or non-renewal, prior to the end of the three year period, of any policy designated in Table 1 shall terminate the retrospective rating plan as of the date of such policy cancelation or non-renewal.

In the event of cancelation or non-renewal by the named insured, the retrospective premium for the period such policies shall have been in force shall be determined in accordance with the provisions of this endorsement, provided:

(a) The standard premium shall be computed as the sum of (1) the audited standard premium for all completed annual periods and (2) the short rate standard premium for the period in which cancelation is effective; the minimum retrospective premium shall be the standard premium so computed.

(b) In computing the maximum retrospective premium, the standard premium shall be computed as the sum of the audited standard premium to the date of cancelation or non-renewal and the estimated standard premium from the date of cancelation or non-renewal to the end of the three year period.

In the event of cancelation or non-renewal by the company, the retrospective premium for the period such policies shall have been in force shall be determined in accordance with the provisions of this endorsement, provided if such cancelation or non-renewal is because of non-payment of premium by the named insured, the maximum retrospective premium shall be computed in the manner provided by subparagraph (b) above.

Neither the named insured nor the company may cancel or fail to renew the insurance subject to Plan D applying to a part of the operations of the named insured.

## 6. REVISION OF TAX MULTIPLIERS OR EXCESS LOSS PREMIUM FACTORS. Subject otherwise to the provisions of the first paragraph of condition 1 of the policy, if during any annual period included in the three year period, any Tax Multiplier designated in Table 1 is revised, any such revised Tax Multiplier shall be applicable with respect to this policy, as of the commencement of the next annual period which is on or after the effective date of such revision.

If during any annual period included in the three year period, any Excess Loss Premium Factor designated in Table 1 is revised, any such revised Excess Loss Premium Factor shall be applicable with respect to this policy on the effective date of such Excess Loss Premium Factor is approved by the appropriate regulatory authority.

TABLE 1

Premium Subject to Plan D, Limitations, Loss Conversion Factor, State Tax Multipliers  
Excess Loss Premium Factors

1. The premium for the following policies combined is to be computed in accordance with the provisions of Retrospective Rating Plan D in all states where such plan is or becomes applicable on an interstate basis, subject to the limitations specified herein:

List of Policies: PTC 313663  
PTG 313673  
PTA 315353

2. (a) Plan D does not apply to the premium for Family Protection Coverage or Protection Against Uninsured Motorist Coverage if afforded under the policies designated in paragraph 1.  
(b) Plan D does not apply to the premium for policies:

in the states of:

N/A

RETROSPECTIVE PREMIUM ENDORSEMENT — THREE YEAR — PLAN D  
(Continued)

TABLE 1—(Continued)

3. The premium for the general liability and automobile liability insurance afforded under policies designated in paragraph 1 above for insurance in excess of the limits of liability stated below shall not be subject to Plan D:

Automobile Liability—Bodily Injury	\$ 75,000	XXXXXXX CSL BI & PD
	\$ -	each occurrence
Automobile Liability—Property Damage	\$ -	each occurrence
General Liability—Bodily Injury (including incidental contracts)	\$ 50,000	each occurrence
	\$ 150,000	aggregate
General Liability—Property Damage (including incidental contracts)	\$ 50,000	each occurrence
	\$ 150,000	aggregate
Contractual Liability—Bodily Injury (other than incidental contracts)	\$ 50,000	each occurrence
Contractual Liability—Property Damage (other than incidental contracts)	\$ 50,000	each occurrence
	\$ 150,000	aggregate

The incurred losses to be included in computing the premium for the insurance subject to Plan D shall not include that portion of the losses actually paid and the reserves for unpaid losses which is in excess of the limits of liability stated above, but that part of the incurred losses consisting of premiums on bonds, interest accruing after entry of judgment, allocated loss adjustment expenses and expenses incurred in seeking recovery against a third party shall not be subject to such limits. The aggregate limits of liability stated above apply separately to each annual period included in the three year period.

4. Combination Loss Limitation is \$ N/A applicable to the following combination of insurance:

5. Compensation Loss Limitation is \$ N/A N/A

6. Automobile Physical Damage Loss Limitation is \$ N/A

7. Loss Conversion Factor is 1.10

8.

STATE TAX MULTIPLIERS					EXCESS LOSS PREMIUM FACTORS		
Name Of State	Workmen's Compensation And Employers' Liability	Automobile Liability	General Liability	Automobile Physical Damage	Workmen's Compensation And Employers' Liability	Combination	Automobile Physical Damage
PENNA.	1.046	1.031	1.030				



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**RETROSPECTIVE PREMIUM ENDORSEMENT — THREE YEAR — PLAN D**  
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**RETROSPECTIVE DEVELOPMENT FACTORS\***

Name of State	Workmen's Compensation And Employers' Liability			Automobile Liability				General Liability			
	1st	2nd	3rd	1st	2nd	3rd	4th	1st	2nd	3rd	4th

\* Note, the Retrospective Development Factors in effect at the commencement of the Plan remains unchanged for the terms of the Plan. The Retrospective Development Factors are applied separately to each year of experience reported under the Applicable Statistical Plan.

**TABLE II—PERCENTAGES TO DETERMINE BASIC, MINIMUM, AND MAXIMUM PREMIUMS.**

The basic premium, the minimum premium, and the maximum premium for insurance subject to Plan D are percentages of the standard premium for such insurance. Such percentages are computed initially upon an estimate of the standard premium and finally upon the earned standard premium for such insurance. If the standard premium lies between any two of the figures on the "Standard Premium" line, the percentage applicable shall be obtained by linear interpolation to the nearest one-tenth of 1%.

**PERCENTAGES OF STANDARD PREMIUM**

50%		100%		150%		
Standard Premium \$	<b>555,656</b>	or less \$	<b>1,131,309</b>	\$	<b>1,696,965</b>	or more
Minimum Premium	<b>B X TM</b>		<b>B X TM</b>		<b>B X TM</b>	
Maximum Premium	<b>1.70</b>		<b>1.70</b>		<b>1.70</b>	
Basic Premium	<b>TO BE DETERMINED</b>					

This endorsement is issued for attachment to and is hereby made a part of the policy designated below and is effective as of the date indicated, at 12:01 A.M., standard time at the address of the insured as stated in the policy.

POLICY NUMBER <b>81-PTC 313663</b>	NAME OF COMPANY <b>ROYAL GLOBE INSURANCE CO.</b>	ENDORSEMENT EFFECTIVE DATE <b>9/1/80</b> (MONTH, DAY, YEAR)
INSURED <b>LATROBE CONSTRUCTION COMPANY, ETAL</b>		
PRODUCER		PRODUCER CODE NUMBER

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Signature of Authorized Representative